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The Sherman Adams case

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The Sherman Adams Case

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History Honors Thesis
for
Dr. Gregory

Westhampton College

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Preface

In my study of the events culminating in the resignation of Sherman Adams from the position of Assistant to the President in 1958, I have endeavored to deal with three factors: the Adams-Goldfine relationship studied by the Congressional committee, the politicians' reaction to the information disclosed there, and the position taken by national publications. I have included a brief statement of Adams' early life and his duties as Assistant to the President for background purposes, but otherwise, I have brought in material about the man himself or the Eisenhower administration only as it relates to the case.

Adams' contacts with the FTC and the SEC were not the only ones which came to light in the summer of 1958, but these calls made in Goldfine's behalf attracted the attention of press and politicians, and these are the ones I have dealt with. In the long run, the other contacts had little or no effect on the Governor's* career.

Because of the limited amount of space and time available, I refrained from comparing the Adams affair with the problems of some of President Truman's staff members. Similarities do exist, and it is not to be inferred from the omission of these from my paper that I consider the Adams case unique.

In writing the bibliography, I found no entirely satisfactory way of listing the periodicals. Consequently, for the sake of simplicity and clarity, I chose to list the volumes in which articles cited appeared, and in the cases of magazines not having volume numbers, the approximate dates of the material used.

* The title became a nickname for Adams which lasted throughout his service as Assistant to the President.

Chapter I

Introduction: Adams' Early Life and Political Career

Sherman Adams, who was to become one of the most controversial figures in the politics of the 1950's, was born January 8, 1899, in East Dover, Vermont.¹ A member of the Massachusetts Adams family, he served in the United States Marines during World War I and graduated from Dartmouth College in 1920.² After receiving his college degree, the young man moved from Providence, Rhode Island, where he had spent his childhood, to New Hampshire.³ He entered the lumber business, and held the office of Treasurer of the Black River Lumber Company in Healdville, Vermont from 1921 to 1923, when he received a promotion to woods superintendent of Parker-Young Company in Lincoln, New Hampshire.⁴ Thus, in his youth and business career, Adams developed connections with several states, and in this way gained the outlook of a New Englander.

Parker-Young Company, attempting to strengthen its business through political representation, persuaded Adams to enter politics in 1940.⁵ He campaigned successfully for election to the New Hampshire House of Representatives in that year and for reelection in 1942.⁶ During his second term, the Representative held the position of Speaker of the House.⁷ He was also active as Chairman of the Republican Committee of Grafton County in 1942, and as a delegate to the Republican National Convention in 1944,⁸ establishing himself as a leader in New Hampshire party politics as well as a trusted spokesman for the people of his area.

Having gained experience by holding state office, Adams entered national politics in 1944.⁹ Elected as Congressman from New Hampshire's second district, the freshman legislator, along with thirty other young Republicans, signed a statement declaring that he would follow his own convictions

regardless of the position of the conservative Republican leaders.¹⁰ This declaration, made early in his involvement with the party outside New Hampshire, showed not only that Adams intended to follow a course independent of domination by other politicians, but also the hostility he felt for the more "right-wing" members of his own party.

The only setback which Adams ever experienced at the polls came in 1946, when he lost the Republican nomination for Governor of New Hampshire to the incumbent Charles H. Dale by 157 votes.¹¹ After a two year retirement from public life, during which he returned to the lumber industry, he sought and won the governorship in 1948.¹² This two year term saw the reorganization of the state government, producing a reduction of the number of departments in the state from eighty-three to forty-three at an annual saving of about one million dollars.¹³ This achievement played a major role in the reelection of the Governor in 1950.¹⁴

Turning his attention to business in his second term, Governor Adams set up the New Hampshire Business Development Corporation composed of the industrial leaders of the state.¹⁵ By the use of public funds, this organization sought to aid existing businesses in New Hampshire and to encourage the establishment of new ones.¹⁶

When the Republican party began its search for a presidential candidate for the 1952 election, Adams' impressive record as Governor gave weight to the opinions he voiced. He was one of the six delegates to the Governors' Conference in Gatlinburg, Tennessee to endorse Dwight D. Eisenhower for the Presidency on September 30, 1951.¹⁷ This was the beginning of his active support of the Eisenhower-for-President movement.

On December 17, 1951, Adams wrote a letter to Senator Henry Cabot Lodge telling him that a movement existed in New Hampshire to place

Eisenhower's name in the Republican presidential primary.¹⁸ Implying that he himself was working toward this end, Adams informed Lodge that he needed a definite statement of the General's political affiliation in order to satisfy the provisions of New Hampshire law.¹⁹ The question arose because Eisenhower's political preferences were virtually unknown, and the county clerk of Dickinson County, Kansas, the war hero's home, had stated in response to a letter from the New Hampshire Attorney General in December, 1951, that the General had never voted in the county.²⁰

In a reply to Adams on January 4, 1952, Lodge stated that Eisenhower had told him in a conversation which took place while the General was President of Columbia University, that Republicanism was a tradition in his family, and that he was, in fact, a Republican.²¹ General Lucius B. Clay also had informed Lodge that the World War II hero had voted Republican since he had left active military service in 1948.²²

Seeing from Adams' letter that New Hampshire Republicans were enthusiastic about the candidacy of Eisenhower, Lodge announced on January 6, 1952, that he intended to enter Eisenhower's name in the New Hampshire Republican primary.²³ Lodge had not asked the candidate's consent before he made the move, but once the Senator had made the announcement, ^{Eisenhower} felt compelled to allow his name to appear on the ballot in the primary.²⁴ Although Lodge, not Adams, actually placed Eisenhower's name in this first primary which would eventually lead to nomination and election to the presidency, the New Hampshire Governor was a key figure. His letter indicated to Lodge that Eisenhower would have the support of the state's recently reelected Chief Executive, and this must have encouraged ^{Lodge} to proceed with placing the name in nomination. Apparently Eisenhower would have in Adams a strong ally in his first political test.

After Eisenhower officially became a candidate for the nomination, Adams played a major part in his campaign. He restated his support of Eisenhower in a speech before the National Republican Club in New York City on January 29, 1952, saying that the General was the most qualified person in the country for the office of President, and the one with the best chance of winning an election.²⁵ Adams' campaigning in New Hampshire led the General to victory in the state's preferential primary in March, 1952.²⁶

The candidate met his New England supporter for the first time at a meeting of New Hampshire delegates to the Republican National Convention on June 9, 1952, at Eisenhower's home in Morningside Heights.²⁷ Adams continued his service to Eisenhower, acting as his floor manager at the Republican National Convention.²⁸ Adams attributed his appointment to this position primarily to the fact that he was the only Republican leader identified neither with Robert A. Taft, the General's opponent for the nomination at the convention, nor Thomas Dewey,²⁹ and to his support of the Houston Manifesto.³⁰ The Manifesto, prompted by attempts in Houston to discredit Eisenhower delegates by claiming that Democrats had voted in the primaries, led to the "fair play rule," which required that delegates be accepted unanimously by the convention in order to be seated.³¹

After Eisenhower received the nomination at the Republican Convention, Herbert Brownell, one of his major advisers, suggested to him that Sherman Adams be made Campaign Manager.³² When asked on July 22 if he would accept the position, the former Floor Manager responded enthusiastically, but indicated that he needed time to make some arrangements before he could officially accept.³³ The Governor requested and received the consent of the New Hampshire Governor's Council to take a leave of absence from his duties in the state.³⁴

Thus relieved of his responsibilities in New Hampshire, Adams was able to devote himself to the campaign. Throughout the campaign, the nominee's staff had the task of mapping strategy for a candidate who distrusted political maneuvering.³⁵ Adams' main job was to achieve unity between the old line conservative Republicans and the more liberal Eisenhower supporters.³⁶ Although enough of the difficulties within the party were resolved to enable Eisenhower to win the election, Adams and the General's other backers could not reconcile all the hostile party leaders to the candidate. These men attempted to block the President's legislative program in Congress once he took office.³⁷ Thus, the differences between Adams and some of the Republican leaders developed while the Governor was still Campaign Manager for Eisenhower's campaign manager.

Chapter II

Assistant to the President

After the November, 1952 election, the victorious Dwight D. Eisenhower faced the task of choosing his cabinet and staff. He asked Sherman Adams to serve as Assistant to the President,¹ an indication of the high regard he felt for his former Campaign Manager. The Governor exhibited some reluctance to accept this position, an attitude which led Eisenhower to fear that his Aide did not attach as much importance to the position as he himself did.² Adams did accept the position, however, and Eisenhower announced the intended appointment on November 24.³

The office of Assistant to the President had existed in the administration of Harry S. Truman, but Eisenhower's Aide wielded more responsibility and power than had his predecessors.⁴ Although he coordinated almost all problems dealing with political or domestic policy,⁵ the Assistant was never delegated the authority or power of the Presidency itself.⁶ His job included the settling of small problems within the executive branch of the government,⁷ approving appointments of officials to the federal commissions and agencies, and the answering of all legitimate inquiries or requests of the executive.⁸ When making decisions, the President sought Adams' mark of approval, "O.K., S.A." on papers brought to him, and if this signature was missing, the Chief Executive seldom consented to the proposal without further investigation.⁹ A comment by Eisenhower that Adams was "the one person who really knows what I am trying to do"¹⁰ shows the extent of the confidence the Chief had in his Assistant's abilities to do his administrative work well.

Adams' office was the hub around which White House business revolved.¹¹ In the course of one normal day, he placed thirty telephone calls, and members of his staff handled 120 calls.¹² The Assistant's day was filled with appointments and conferences, in which such topics as the administration's programs, patronage, and job interviews demanded attention.¹³ In addition, he conferred with the President several times and handled volumes of paperwork.¹⁴ The President's Aide worked efficiently, trying to insure the orderly functioning of the government while abiding by his own conviction that a good administrative staff worker should bother the President as seldom as possible.¹⁵

Adams received pointed criticism as a result of the power of his position. Some Congressmen felt that he prevented them from seeing the President,¹⁶ a charge which the assistant explicitly denied,¹⁷ and that his control of appointments violated their prerogative of patronage.¹⁸ A number of observers suggested that when Governor Adams presented a program to President Eisenhower, he gave only one side of the picture and left the President poorly informed on some issues.¹⁹ At the heart of all these criticisms lay the idea that Sherman Adams was a kind of second President, hindering the relations of other government officials with the chief executive.

In addition to the enemies he made in the execution of his duties, Adams alienated others by the abruptness of his personality. The epitome of the stereotyped conception of a New Englander, the Assistant to the President was thought of as stern, immensely capable in his work, and completely upright morally.²⁰ So strongly did the man feel his own integrity that he assumed it was taken for granted by others.²¹ Characterized by bluntness, Adams was noted for putting down the telephone receiver at the conclusion of

a call without the courtesy of a good-by.²² This mixture of almost unapproachable virtue and forbidding abruptness made the New Englander unpopular with many. The geniality Adams showed at times in his leisure hours or on social occasions²³ was virtually unknown to those who associated with him only for business purposes.

During the first Eisenhower administration, the Presidential Assistant played a role in a case before the Securities and Exchange Commission which brought charges of executive interference from Capitol Hill. The President decided in his budget planning sessions of 1954 to limit the expansion of the Tennessee Valley Authority by denying TVA the privilege of expanding its facilities to serve Memphis, Tennessee and the Atomic Energy Plant at Paducah, Kentucky.²⁴ Subsequently, the Bureau of the Budget and the Atomic Energy Commission began to negotiate with the Middle South Utilities Company, headed by Edgar H. Dixon and the Southern Company, of which E. A. Yates was chairman, for the construction of an electrical plant to supply Memphis and Paducah.²⁵ The project was known as Dixon-Yates from the names of the heads of the two companies involved in it.²⁶

Before he retired from the office of Director of the Budget on April 15, 1954, Joseph Dodge had asked Adolph Wenzell, a retired vice-president and director of the First Boston Corporation, which helped finance Dixon-Yates, to advise the government on this matter.²⁷ Wenzell explained his connection with Dixon-Yates to Dodge and his successor, Roland Hughes, but the government officials did not consider Wenzell a major consultant in the project, nor did they think of the possibility that he might be advising both government and business simultaneously.²⁸ In August, 1954, at the request of President Eisenhower, Hughes and Lewis Strauss, AEC Chairman, prepared a chronological account of the part of the government in the

Dixon-Yates deal.²⁹ They omitted Wenzell's name from the account altogether, which Adams later interpreted as proof that they thought he was of little importance.³⁰

The Democrats in Congress, displeased with the minimization of the operations of TVA,³¹ found in the person of Adolph Wenzell a chance to thwart the administration's program. In February, Senator Lister Hill (D-Alabama) having discovered the involvement of Wenzell in both parts of the negotiations, asked Hughes what part Wenzell had had in the matter.³² Hughes stated that ^{Wenzell} ~~he~~ was a government consultant who had been left out of the report issued in August because he was unimportant, and in order to avoid controversy, but did not mention his affiliation with the ~~First~~ Boston Corporation.³³ Hughes' motives for telling a half-truth in this case are unclear, but his failure to divulge Wenzell's true position gave credence to the notion that all was not well with the Dixon-Yates negotiations.

Hill capitalized on Hughes' statement, charging Wenzell with involvement on both sides of the contract and Hughes with attempting to hide this fact.³⁴ Eisenhower, poorly informed, denied that Wenzell had ever advised the government on Dixon-Yates.³⁵ When the White House learned the truth, James Hagerty, the President's press secretary, issued a statement minimizing the place of Wenzell in the government's planning.³⁶

On June 11, 1955, in the middle of the furor over the double role of Adolph Wenzell in Dixon-Yates, Hughes called Sherman Adams to ask him if he could have the SEC hearings on financing plans for Dixon-Yates postponed from June 13 in order that the Bureau of the Budget could confer with advisers about some of the testimony to be given.³⁷ Adams arranged for the delay with SEC Chairman Sinclair Armstrong.³⁸

On Monday, June 13, the day on which Wenzell had been scheduled to testify before the SEC, the House voted favorably on an appropriation for transmission lines between the Dixon-Yates plant and TVA facilities.¹³⁹ When Wenzell's position became known, accusations, primarily by Democrats, arose in both houses of Congress that Adams had purposely delayed the SEC hearing at which the adviser would testify in order to insure the passage of the appropriation. Senator Estes Kefauver (D-Tennessee),¹⁴⁰ said in the Senate that Adams apparently wanted to conceal information which would have changed the House decision on the financing of the transmission line.¹⁴¹ Others, including Senator John Sparkman (D-Alabama),¹⁴² Senator Wayne Morse (R-Oregon),¹⁴³ and Representatives Charles Price (D-Illinois)¹⁴⁴ and Thomas Abernathy (D-Mississippi)¹⁴⁵ also criticized Adams' interference.

This assault on the Assistant to the President did not provide the political capital the Democrats had hoped. Sensing that the issue was too complex to stir the public, they allowed it to drop.¹⁴⁶ In the case of Dixon-Yates, however, the hostile feeling of some Congressmen toward Adams became vocal. Another issue was needed to crystallize new animosities and redirect existing ones into a full-scale attack.

Chapter III

The Goldfine Case Begins

On January 27, 1958,¹ the special Subcommittee on Legislative Oversight of the House Committee on Interstate and Foreign Commerce began its hearings. The body, established at the request of Speaker of the House Sam Rayburn,² sought to investigate the regulatory agencies of the federal government to find out whether or not they ^{were} performing the functions for which they had been created.³ The Congressional agency had held preliminary hearings in October, 1957.⁴ Morgan M. Moulder (D-Mo.)⁵ served as chairman of the body,⁶ but Oren Harris (D-Ark.)⁷ chairman of the full committee,⁸ had voting privileges as an ex-officio member.⁹

The first days of the hearings indicated that the sessions would not be quiet and uneventful. The subcommittee fired its chief counsel, Dr. Bernard Schwartz, on February 10.¹⁰ The discharged attorney claimed that he was dismissed because he insisted upon thorough probing into the practices of some of the federal agencies.¹¹ Schwartz publicly declared that he had evidence that would show that certain public officials, including Adams, had used their influence in the affairs of the regulatory agencies.¹²

After the discharge of Schwartz, Chairman Moulder, who had supported the policies of the counsel, resigned his post.¹³ When hearings resumed on February 13, Oren Harris took over as chairman of the investigating body.¹⁴ He announced his intention to conduct open and thorough investigations, staking his political life on the action of the group with the words, "I will stand or fall on the success of this investigation."¹⁵ This represented a change from his statement in an executive session on January 8.¹⁶ At that time he had recommended the avoidance of charges of impropriety because

of their political implications and suggested that the hearings proceed on a general level, looking into the legal aspects of the work of all the commissions.¹⁷ It is possible that in the time that had elapsed since he had shunned careful probings because of the effect they might have on politics, the Democratic Congressman, who, like all Congressmen, was up for reelection in 1958, realized that the implications issuing forth from the investigation might help him and his party.

In April, Harris sent representatives of the subcommittee to Boston to conduct an open hearing.¹⁸ Information gathered there led to the investigation of industrialist Bernard Goldfine and his relationship to Sherman Adams.¹⁹ Goldfine, who came to the United States from Russia as a young child in 1897,²⁰ entered the textile industry at the age of 19.²¹ Business prospered, and in 1958, Goldfine owned textile mills and real estate worth millions of dollars.²² Described by friends as a shrewd businessman who lacked knowledge of the details of business and government regulations,²³ Goldfine engaged in practices contrary to the rulings of the FTC and the SEC.

Joseph T. Conlon, an attorney for the subcommittee, testified on June 10 that the East Boston Company, which was owned by Goldfine, had failed to file forms required by the SEC for the years 1948-1954.²⁴ On July 13, 1955, the Massachusetts District Federal District Court ordered these reports sent to the SEC.²⁵ East Boston filed a set of papers on December 16, 1955, but these did not comply with the regulations of the SEC because the data given were inaccurate, and they were not certified by an independent accountant.²⁶ Consequently, the SEC began criminal proceedings against East Boston on April 2, 1956, charging the company with contempt.²⁷ Three days later, the case was dismissed with the agreement that East Boston pay a \$3,000 fine to the SEC for civil contempt and that the required papers be filed with

the SEC within ninety days.²⁸ On November 18, 1956, the Boston court ruled that the company had not yet obeyed this order.²⁹ Consequently, Alwyne F. Jealous, Mildred Paperman, and Horace and Bernard Goldfine, officers and directors of East Boston Company were judged responsible.³⁰

Francis X. McLaughlin, another subcommittee attorney,³¹ introduced the records of the Sheraton-Plaza Hotel in Boston.³² These records had been subpoenaed because the committee had heard charges that Adams had helped Goldfine in his difficulties with the FTC in return for gifts and entertainment from Goldfine.³³ The records of the hotel showed that from November 24, 1955 through May 6, 1958, Goldfine had paid eleven separate bills at the Sheraton amounting to some \$1642 for Adams or members of his family.³⁴ McLaughlin also reported that Goldfine did not maintain a suite at the Sheraton on a regular basis.³⁵

Major General Wilton B. Persons, Eisenhower's liaison with Congress,³⁶ called Adams at a fishing resort where he was vacationing and told him of the development in the hearing.³⁷ Adams returned to Washington immediately, and on June 12 he wrote a letter to Oren Harris explaining his association with Goldfine.³⁸ Adams did not discuss the reasons for his friendship with Goldfine with the subcommittee, and thus the basis of the relationship is unclear. Their friendship began while Adams was Speaker of the New Hampshire House of Representatives when Norris Cotton, then a state legislator, introduced the two, describing Goldfine to Adams as a successful manufacturer and an asset to the New England textile industry.³⁹ While Governor of New Hampshire, Adams attended a meeting of Goldfine's employees, to which the industrialist had also invited the Governors of Massachusetts, Maine, and Vermont.⁴⁰

Friendship developed between the two men, and the mutual giving of gifts expressed the esteem each had for the other.⁴¹ Adams claimed that he had no interest in Goldfine's business except as it related to the welfare of the New Englanders it supported.⁴² Since Goldfine's fondness for the great and influential was well known,⁴³ his interest in Adams is readily understandable. Goldfine apparently cultivated the friendship, and Adams, who had proved his interest in business while Governor of New Hampshire considered the industrialist an important builder of New England's economy.⁴⁴ Goldfine's geniality attracted Adams,⁴⁵ and the Governor accepted his friend at face value.

In his letter to the committee, Adams stated that his family and Goldfine's had been friends for more than fifteen years, and that they had entertained each other in their homes.⁴⁶ According to Adams, Goldfine had invited him to stay in his suite at the Sheraton-Plaza whenever he was in Boston, and Adams, thinking that Goldfine rented the suite continuously, had accepted the hospitality.⁴⁷ The letter also mentioned that the Adamses had been guests of the Goldfines at the Mayflower Hotel in Plymouth, Massachusetts in 1957.⁴⁸

Turning in his letter to the calls involving Goldfine's problems with the regulatory agencies which he had made, Adams related that late in 1953, after Goldfine had asked him the purpose of a letter he had received from the FTC, he had called FTC Chairman Edward F. Howrey and asked if he could secure this information for Goldfine.⁴⁹ Adams sent Goldfine a memorandum on the subject prepared by Howrey in response to this query.⁵⁰ About a month after the issuing of the memorandum, Adams' secretary called the FTC to find out if the case was still being studied.⁵¹ She learned that it had been closed two weeks previously following an agreement by Goldfine to change his labels to conform with the provisions of the Wool Labeling Act.⁵²

In the spring of 1955, Adams continued, he arranged an appointment for Goldfine with Howrey, at Goldfine's request.⁵³ Adams maintained that he in no way attempted to influence Howrey concerning the matter to be discussed at the conference, nor did he learn from Goldfine that some time after the meeting, FTC proceedings against Goldfine's firm led to a cease and desist order.⁵⁴ The industrialist asked him for no favors in this matter, Adams said.⁵⁵

Regarding insinuations by the subcommittee that he had intervened in Goldfine's behalf in the East Boston Case before the SEC, Adams asserted that he had the President's Special Counsel inquire into this matter to which Goldfine alluded in conversation.⁵⁶ The White House lawyer talked with the General Counsel of the SEC, but he did not mention Adams' name, or make any suggestions pertaining to the disposition of the case.⁵⁷ Adams took no action at all after he received the report of the attorney.⁵⁸ This call, which was not requested by Goldfine, was the only contact of the White House staff with the SEC about Goldfine's affairs.⁵⁹ Adams concluded his letter with a strong sentence suggesting that the subcommittee could and should have acquired this information before it publicly implied improper behavior on his part.⁶⁰

On the day that Adams sent his letter to the investigating body, protests against his deeds began in Congress. Senator Wayne Morse, who had switched his allegiance from the Republican to the Democratic party since his attack on Adams' handling of the Dixon-Yates problem,⁶¹ said that he had seen Adams' letter, and he felt that as a result of his public admissions, popular opinion would demand the departure of the Presidential Aide from public life.⁶² This approach indicated clearly not only what Morse believed would happen, but also what he hoped would come about, and thus, his statement was a battle

cry for anti-Adams partisans to agitate for his dismissal.

Any hope Adams entertained that his letter would explain satisfactorily his part in Goldfine's cases with federal agencies quickly proved futile. New hints of Goldfine's gifts to the President's Assistant came to light outside of the committee. On June 14 the New York Post claimed that Goldfine paid \$2400 for an Oriental rug intended for Adams, and rumors circulated in New England that the industrialist had also given the Governor a vicuna coat worth \$700.⁶³ As a result of the disclosures made up to that time, Representative Peter F. Mack, Jr. (D.-Ill.)⁶⁴, a member of the investigating body, called for Adams' immediate resignation.⁶⁵

When hearings resumed on June 16, Oren Harris restated the purpose of the investigation.⁶⁶ He emphasized its intention to determine whether the regulatory agencies stayed within the boundaries provided by law, to recommend legislation necessary to enable the bodies to function efficiently, and to decide if the Commissions were free from outside influence.⁶⁷ The memorandum which Edward F. Howrey, FTC Chairman at the time of the Goldfine case before that body, had written Adams concerning Goldfine's problems with the FTC was placed in the record.⁶⁸ This communication explained that in November, 1953, Einiger Mills had lodged a complaint against Northfield Mills, a Goldfine firm,⁶⁹ charging that Northfield had labeled fabrics "90% wool, 10% vicuna," when the cloth actually contained nylon fiber.⁷⁰ Northfield wrote to the wool division of the FTC on November 17, 1953, promising to correct all labels they would use in the future, in compliance with the provisions of the Wool Products Labeling Act, which required accurate listing of all the different fibers in a fabric.⁷⁰ After more correspondence, the FTC Wool Division Chief had said that if the Goldfine firm would promise to correct all its labels, the matter could

be settled on a "voluntary cooperative basis" without legal action.⁷¹

In testimony before the committee on June 16, Robert F. Secrest, Acting FTC Chairman,⁷² explained that the reason the Northfield case was dropped in 1953 was that there was a general misunderstanding of the Wool Products Labeling Act.⁷³ Manufacturers had thought a 5% error in labeling was permissible in the analysis of non-wool products.⁷⁴ Because this misinterpretation of the law existed, the FTC attempted to clarify it by stating that the descriptions of fiber content had to be exact, but took no action against Northfield and other companies that had unknowingly violated the law.⁷⁵

Secrest further explained that in 1955, Goldfine's Northfield firm was challenged on its labeling of a particular fabric "90% wool, 10% guanaco."⁷⁶ After a study, the FTC issued a complaint and cease and desist orders against Northfield Mills, Leganon Woolen Mills, ^{Goldfine textile companies,} Strathmore Woolen Corporation,⁷⁷ and Horace and Bernard Goldfine.⁷⁷ An FTC attorney had recommended misdemeanor proceedings against Bernard Goldfine, but the Commission had overruled this suggestion.⁷⁸ Secrest claimed that the Commission's action against the advice of its attorney was not unusual, that the evidence did not support misdemeanor charges, and that by naming Bernard Goldfine explicitly, the cease and desist order prohibited his engaging in similar practices elsewhere.⁷⁹

Secrest also denied any knowledge of the meeting between Goldfine and FTC members on April 14, 1955,⁸⁰ which Adams had admitted arranging,⁸¹ until he saw the records in 1956.⁸² Harvey H. Hannah, head of the FTC Wool Division, who had attended the 1955 meeting with Goldfine on the guanaco problem, said he did not know that Adams had arranged it.⁸³ Hannah recalled that after the meeting, Goldfine had asked an FTC secretary to get Adams on the telephone, and the industrialist had told him that he had fared well in his discussions with the FTC.⁸⁴ The Wool chief testified that he had considered this to be name-dropping on Goldfine's part, and had ignored it as such.⁸⁵

Edward Howrey, FTC Chairman at the time of the Goldfine cases, said that Adams called his office asking information on the Northfield Mills case, and that he had supplied this without consulting anyone else.⁸⁶ The former FTC Chairman conceded that he had received no other calls from Adams about mislabeling, but asserted that the White House or Congressmen frequently called him.⁸⁷ Howrey stated that his policy was to discuss matters related to the investigatory side of the FTC with anyone who asked, and the quasi-judicial, where definite legal proceedings were initiated, with no one.⁸⁸ At the time Adams called Howrey, the Goldfine case was not a judicial matter. The witness did not recall talking with Adams' secretary and saying that the case had been closed, but he added that the call probably went through his office.⁸⁹

Regarding Adams' call to the FTC in 1955, Howrey said he didn't remember whether Adams or his office called.⁹⁰ He asserted that he did not consider Adams' communication to mean he had a special interest in the case.⁹¹ In response to a query by Oren Harris as to why Goldfine had Adams call if any citizen could have secured the same information, Howrey said that if Adams couldn't do what anybody else could, then "Washington is different from what I thought it was."⁹² Harris snapped back, "It is different from what you thought."⁹³ This retort showed the committee's chairman's disapproval of Adams' action and his inclination to make the President's assistant appear in the worst possible light.

On the same day^{that} the testimony in the subcommittee indicated Adams' part in the FTC affairs, subcommittee attorney McLaughlin presented information subpoenaed from the Waldorf-Astoria in New York.⁹⁴ The hotel's records showed that Goldfine had paid a bill of \$219.65 for Sherman Adams and his wife

Rachel covering February 12-15, 1954.⁹⁵ Goldfine had also entertained the Adamses at the Mayflower Hotel in Plymouth, Massachusetts in July, 1957, paying some \$262 for the executive and his wife.⁹⁶

The day's proceedings had done nothing to relieve the pressure on Adams. Although his explanation of his communications with the FTC had been upheld, the chairman of the subcommittee had indicated his disapproval of the Assistant's actions even if they were what Adams said and no more. He had anticipated the questions about the bills at the Mayflower Hotel, and had therefore been able at least to appear to offer that information voluntarily, but this was not true of the visits he had paid at the Waldorf-Astoria. The existence of undue exertion of influence had not been proved, but the fact that Adams had at the same time accepted lavish gifts from a friend and communicated with government agencies for him raised serious questions about his morality or his judgment.

During the day on June 16 and June 17, the pace of Congressional criticism of Adams quickened. Senator Ross Bass (D.-Tenn.)⁹⁷ placed an editorial from the Nashville Tennessean in the Record.⁹⁸ This article pointed out that Adams had great power at the White House and was sometimes virtually in charge, and that the Assistant to the President had interfered with government agencies once before, in the Dixon-Yates case.⁹⁹ The editor had taken the position that Adams should be fired, and Bass agreed with this, calling Adams' action a "travesty on honesty and integrity."¹⁰⁰ The next day, Senator Morse took the issue beyond a criticism of a man and asked for the defeat of the tarnished administration in the elections of 1958 and 1960.¹⁰¹ With Adams as their leader in 1952, the Republicans had used a corruption in government campaign theme,¹⁰² and the Democrats now hinted at reversing the charge in the upcoming election. The possibility of being a political liability to his party was

added to the already heavy personal burden the President's Assistant carried.

Chapter IV

Adams' Testimony

Having failed in his first effort to quiet the storm around him, Adams felt the necessity of making another attempt. Therefore, accompanied by his wife and White House Counsel Gerald Morgan,¹ the Governor voluntarily² appeared before the subcommittee on June 17 to discuss his relationship with Bernard Goldfine.³ Feeling that the body before which he would appear was controlled by Democrats who were angry because of a politically-oriented speech he had made in Minneapolis earlier in the year,⁴ Adams expected no sympathy from the group.⁵

In a prepared statement, Adams defined his duty as to assist the President in whatever ways possible.⁶ He had made requests to various commissioners, but he contended that his motives were honest, and that if it had been wrong to do what he had done, he was guilty of an error in judgment.⁷

Turning to his relationship with Bernard Goldfine, Adams said that the exchange of gifts was mutual.⁸ He admitted that Goldfine had given him a vicuna coat, which Adams valued at \$69, a product of the industry of which the businessman was proud.⁹ Adams' estimate of the worth of the coat differed greatly from the price that had been generally quoted, but the cash value of the coat was not the real issue at stake. The industrialist had given vicuna cloth to the forty-eight state governors in 1955.¹⁰ Of the much publicized Oriental rug, Adams said that Goldfine had wanted to give it to him, but because the Governor's New Hampshire home was too small for the rug, the two had agreed that the Bostonian would reclaim it when Adams left Washington.¹¹ The witness asserted that his friend had told him that he kept a hotel suite on a continuing basis, and had invited him to use it whenever this was convenient.¹² On the other hand, Adams pointed out that his family had given the Goldfines presents, including a watch and a picture.¹³

Regarding his contacts with the SEC and FTC, Eisenhower's Aide denied

that he had sought favors for Goldfine ~~and~~ that his friend had benefited from his actions.¹⁴ The Governor declared that his conscience was clear.¹⁵

Having heard Goldfine complain of mistreatment by the SEC in 1956, Adams had the White House Special Counsel inquire into the matter.¹⁶ When told by the attorney that his friend had violated SEC regulations, Adams dropped the matter without informing the industrialist of his inquiry.¹⁷

In the FTC case, the commission's counsel had accused Adams of breaking rules by divulging the name of the plaintiff,¹⁸ but Adams said he did not know of the rule, and Howrey's memorandum had not mentioned it.¹⁹ Subcommittee Counsel Lishman asserted that the fact that Goldfine got information that was usually barred from the public proved that Adams had influenced the commissions.²⁰ Since the White House's venture into the SEC was small and indirect, and the FTC took action against Goldfine after Adams' 1955 call, the contention that Goldfine received special favors from the commissions was untenable on ^{any} other grounds.

After Adams completed his statement, he submitted to questioning by subcommittee members.²¹ John J. Flynt, Jr. (D-Ga.) asked Adams if he thought that actions he performed influenced others simply because he was Assistant to the President.²² The witness admitted that this was possible, and that that was a valid point for the body to study.²³ Joseph P. O'Hara (R-Minn),²⁴ one of the more sympathetic Congressmen to Adams, said that he himself had performed 20,000 services in answer to his constituents' requests in his two year term, and that Adams was doing the same kind of thing.²⁵ According to O'Hara, if confidential FTC information was divulged, Howrey, not Adams,²⁶ who had testified that he was unaware of such a rule,²⁷ was responsible.²⁸

In contrast to the moderation of O'Hara, the inquiries of John E. Moss (D-Calif.)²⁹ and Chairman Harris were aimed to embarrass the witness. Moss

asked if the reports that Adams had received gifts from Goldfine other than those previously mentioned were true, and the presidential assistant listed some "small mats," and a suit of clothes as presents from his friend.³⁰

Moss alluded to the bitterness of the 1952 campaign, in which he and other Democrats were swamped with criticism because of the behavior of officials in the Truman administration, saying that the Republicans should conform to the standards they had sought to impose on the Democrats.³¹

In answer to a question from Harris, Adams admitted that he had power to clear appointments of³² and to fire³³ officials of regulatory agencies, and that Howrey was an appointee of his.³⁴ The Arkansas Representative questioned whether the power of the executive to dismiss commissioners was consistent with the independent status of the commissions.³⁵ Harris' final question went to the heart of the issue at stake. He asked Adams if he felt that, considering his friendship with Goldfine, he had acted improperly in his communications with federal agencies.³⁶ The reply Adams gave took the form of self-reproach. He admitted that he and his staff had agreed that they should so conduct themselves that such a question would never arise.³⁷ Adams concluded his appearance without apologies, but admitting that he should have exercised more "prudence" in the cases under discussion.³⁸

Throughout the week of turmoil concerning the hearings, President Eisenhower had refrained from commenting. At his press conference on July 18, however, he read a statement of his position in the Adams case.³⁹ Differentiating between a gift as an expression of friendship, and a bribe as "evil," the President said that the people should judge cases of gift giving and receiving according to the character, motives, and subsequent behavior of the recipient.⁴⁰ He contended that everyone who knew Adams trusted him thoroughly.⁴¹ Eisenhower admitted, however, that in leaving his actions open to criticism, his

Assistant, had been imprudent.⁴² Expressing his satisfaction with Adams' presentation to the subcommittee, and his confidence in him, Eisenhower said, "I personally like Governor Adams. I admire his abilities. I respect him because of his personal and official integrity, I need him."⁴³

At the conclusion of his remarks, Eisenhower referred all further questions to Press Secretary Hagerty.⁴⁴ The Press Secretary did attempt to clear up the charge made by Oren Harris that Adams had illegally given confidential information from Howrey's memorandum to Goldfine.⁴⁵ The supposedly secret part of the communication, the name of the complainant, had ceased to be confidential before Adams sent it to Goldfine,⁴⁶ according to FTC Chairman Howrey, because the memorandum had become public information.⁴⁷ Also, the complaining company, Einiger Mills, had informed Northfield of its action.⁴⁸ This, too, destroyed any secret character the note might otherwise have had.⁴⁹ Thus, the White House sought to remove the stigma of illegality from Adams' acts, although the charge of imprudence remained.

Adams' testimony and Eisenhower's defense of his aide aroused storms of indignation on Capitol Hill and in the press. On June 18, Senator Morse, the most outspoken of Adams' Congressional critics, asked for support for a bill he was sponsoring to have all government officials, including Congressmen, making more than \$10,000 report on their sources of income.⁵⁰ He called for the immediate departure of the Assistant to the President from the government.⁵¹ In direct answer to Eisenhower's statement in support of his aide, Morse asserted that he for one did not trust the honesty of Adams' character.⁵² This condemnation was almost unique, as most attacks centered on grounds other than the moral. Morse continued, calling the Eisenhower administration the most morally corrupt in the country's history.⁵³ The final blow aimed at the administration that day was an assertion that "a President who has made such a sorry record in regard to political morality would need this fellow; but...

the American people do not need him."⁵⁴ Obviously, the Adams case was to ~~Mrse~~ provide an excuse to lash out against the Eisenhower regime rather than a matter to be considered ~~on~~ its own merits.

Senator John Williams (R-Del.)⁵⁵ expressed his views by citing an editorial from the Wilmington Journal of June 18.⁵⁶ Williams held that Adams was morally upright, and that he would not have allowed gifts to determine his political acts.⁵⁷ The Senator did, however, assert that Adams should resign to spare ~~the~~ President embarrassment.⁵⁸ This interest in the position of the President, associated with estimates of political expediency, stated ~~or~~ implied, in an election year, recurred in the thinking of the Republican politicians.

The press as well as the politicians devoted attention to the implications of the Adams case. There were suggestions that Adams resign in order to maintain for the government the high standard of ethics he had demanded,⁵⁹ and that Adams was a handicap rather than an asset to the government⁶⁰ and the party.⁶¹ Most agreed that the Governor ought to leave office, and one article, bypassing the intermediate step of recommending that he resign, called Adam's departure "a political inevitability."⁶²

One defense which was ~~offered~~ for the President's assistant revolved around the practices of the chief executive.⁶³ The President was known to accept expensive gifts for his Gettysburg farm, a fact which made it inconsistent to criticize his aide for receiving presents.⁶⁴ The editor, in summarizing his view, wrote, "It is pretty rough to penalize a man for doing what the boss does."⁶⁵

In startling condemnation of the administration, basing its conclusion on the similarity of Adams' presentation to the subcommittee and Nixon's television address in 1952 explaining the campaign fund issue, one article suggested that the President himself wrote the scripts.⁶⁶ The plan was to

appeal to human sympathy through dignified admission of the facts of the accusation and the simultaneous denial of any wrongdoing.⁶⁷ The philosophy basically was to "concede the charge but finesse the implication."⁶⁸ Feeling that Adams had committed a moral offense, the article's writer predicted that the case would stay in the headlines until Adams was forced out.⁶⁹

Although the basic thesis that Eisenhower wrote the statements for Adams and Nixon is undocumented by the editor, and Adams' accounts of the two episodes give no indication of such involvement on Eisenhower's part,⁷⁰ the deeper interpretations of the article have merit. Adams and the President did fail to face the logical consequences of the situation, seeming to be oblivious to the fact that in high office, imprudence is as undesirable as immorality. The idea that the press would continue to feature the problem of the President's Assistant proved correct, as newspaper and magazine editors not only reported the facts and the rumors, but by adding their voices to the crescendo of protest against the Governor, they actually intensified the difficulties of the situation.

Chapter V

More Testimony and Reaction

The subcommittee continued to study the actions of Eisenhower's right-hand man, and when hearings resumed on June 26, John Fox, a Boston businessman, took the stand.¹ Fox had given the investigating body in Boston information about the Adams-Goldfine relationship.² Although still a millionaire, he had lost most of the fortune he had accumulated in gas, railroads, banking, real estate, and communications investments in the bankruptcy of the Boston Post, of which he had been publisher.³ At the time of his Washington testimony the witness, accused of libel against a Pittsburg lawyer, was out of jail on \$2,500 bond.⁴ A discredited and embittered businessman, he blamed Goldfine for his financial problems.⁵

Pointing to the nature of the criminal proceedings against Fox and stating that this same man had accused their client of embezzling in a Boston Court, Goldfine's attorneys requested the committee to hear Fox's testimony in a closed, executive session, in order to spare the reputation of Adams' friend from the witness' wild accusations.⁶ The Harris Committee denied this application.⁷ This decision brought charges of irresponsibility against the investigating body from Congress and the press.⁸ The discredited tycoon testified that on May 10, 1955, Goldfine told him of his problems with the FTC, and admitting that he was intentionally violating the law regarding labeling of fabrics, said that Adams had told him he would handle the situation.⁹ Later, Goldfine indicated to Fox that Adams had settled the matter.¹⁰ The witness added that the industrialist had also said he had no worries in his cases before the SEC as long as Adams had influence in Washington.¹¹ Fox claimed that Goldfine had also informed him that he had

given Adams substantial financial aid when the Governor's children were in College,¹² and that he had bought stocks for his politician-friend.¹³

The next day Fox continued his hearsay-based testimony, quoting Goldfine as saying he gave all the senators vicuna coats, and that sometime after July, 1955 he had purchased a Washington home for Adams.¹⁴ Representative O'Hara, who had previously shown himself sympathetic to Adams, announced that he had written the President's Aide a letter on June 25 telling him that Fox would testify that Goldfine had bought stocks and a home in Washington for him.¹⁵ The Representative had with him a reply from the Governor, in which he informed the committee that he rented his house in the Capitol city.¹⁶ Claiming that he and Goldfine had no common business interests and that the industrialist had never bought stock for him, the Assistant to the President criticized the investigating body for allowing Fox to testify in open court.¹⁷ The letter reinforced Adams' statements at his first formal press conference the previous day, at which time he denied all of Fox's charges, calling them "preposterous" and "malicious."¹⁸

The final chapter of Fox's wild testimony unfolded on June 30 when he reported Goldfine's remarks on his SEC problems.¹⁹ The former publisher admitted that he had sworn on April 16, 1958 in Massachusetts District Court that Goldfine had told him his East Boston Company could do what it wanted to so long as he "had Sherman Adams in his pocket."²⁰ This conversation supposedly took place about July 5, 1955.²¹ Adams made no attempt to answer this charge, but Fox had so discredited himself in the eyes of the press that no defense was needed.²² The Fox testimony did more damage to the Harris Committee by raising the question of its responsibility than it did to the Governor's reputation.

The man around whose financial dealings the case centered took the stand at the hearings for the first time on July 2.²³ Goldfine explained that he had received gifts from Governor Adams as well as giving them to him. He listed a billfold, a Swiss music box, a clock as a wedding present for his son, Solomon, a painting, and a gold watch as items Adams had given him.²⁴ He described Fox as "a sick man,"²⁵ and claimed he had never asked Adams to help him in his cases before the FTC and SEC.²⁶ The industrialist admitted he had asked his friend to make an appointment for him with FTC Chairman Howrey, but added that he did not tell Adams his specific problem with the Commission.²⁷ The telephone call made to the President's Assistant after the conference with Howrey resulted from the industrialist's enthusiasm with the outcome of the meeting, and was not intended to impress federal officials.²⁸ Of his troubles with the SEC, Goldfine said that he learned in November, 1955 that the East Boston Company had been fined \$20,000 for contempt.²⁹ He had mentioned to Adams that the Company was being persecuted by the SEC, but he did not know anything about Adams' actions after that.³⁰ In March, 1956, the SEC had agreed to drop the unenforceable fine it had imposed and the Company settled the problem with the Commission with East Boston paying \$3,000 to cover the expenses of the case.³¹

Returning on July 3, Goldfine presented his philosophy of friendship and gift giving, saying that he regretted embarrassing his friends, but that he did not know it was wrong to have friends among political leaders and to be generous.³² This was the only explanation the textile manufacturer offered for his presents to the Assistant to the President. He claimed that he had bought the Oriental rug to use in his showroom and that he had merely loaned it to Adams.³³ The witness also admitted that his company had deducted

the hotel bills paid for Adams from its income tax report, but he said that if this did not comply with the law, he could adjust the reports.³⁴ This admission was important to the subcommittee because it seemed to indicate that Goldfine considered his hospitality to Adams a business expense, a charge which he had denied.

The gift giving of the Boston manufacturer extended to far more people than the Assistant to the President. Committee Counsel Lishman produced a list of thirty-three government employees to whom Goldfine had given Christmas presents as large as \$100.³⁵ This, too, was evidence to the investigating group of Goldfine's attempts to "buy" official favors.

The attention of the investigators then turned to some \$776,000 in certified and bank treasurer's checks purchased by Goldfine from 1941 on.³⁶ These checks had not been cashed, and Lishman offered a hypothesis for which he had no proof that they might have been paid to government officials who could not risk cashing them for fear of jeopardizing their positions, but who could utilize them for security in their business ventures.³⁷ The Congressmen asked Goldfine to reappear to explain the disposition of these checks. He agreed to try, but indicated that he was not sure he would be able to comply with these requests.³⁸

During the time Goldfine was testifying, Senator Morse again blasted the Republicans. This time he levelled his criticism directly at the President, blaming Eisenhower for not firing Adams earlier.³⁹ He read an editorial by Joseph Alsop in the Washington Post of July 2, in which the columnist said that the President himself was the only person who could have rallied Republican leaders to the support of his Assistant, and he had not attempted to do so.⁴⁰ In essence, Adams had the duty of deciding his own future.⁴¹ Despite Eisenhower's devotion to Adams, which Alsop

attributed to gratitude for the ability with which Adams had served the President during his illnesses, Alsop maintained that the matter should be settled one way or the other.⁴² Morse left no doubt in anybody's mind as to his opinion of the proper disposition of the affair.⁴³

About this time, the President seemed to show signs of retreat from his previous firm stand in support of Adams. At a news conference, a reporter asked him if he had changed his mind at all about Adams as a result of Republican demands for his resignation.⁴⁴ Said the President, "The statement I made...I think about two weeks ago, is no more and no less an expression of my convictions at that time."⁴⁵ This left room for speculation that Eisenhower was beginning to waver, and that his opinion on July 2 might be somewhat different from his views two weeks previously. It seems unlikely, however, that this was the case. Hagerty conferred with the President and then released a statement to the effect that Eisenhower still thought as he had when he made his first defense of Adams.⁴⁶ In light of this fact, the Chief Executive's ambiguous declaration appears to have been more a verbal slip than a sign of a lapse in his support for his Aide.

Before its next scheduled hearing, the subcommittee, which had already been accused of irresponsibility in its handling of the Fox testimony, faced another difficulty. On July 7 Goldfine's aides discovered Baron Shacklette, Chief Investigator for the body, listening to conversations in the industrialist's suite by means of a microphone under the door.⁴⁷ The Harris Committee called Shacklette before it to discuss the episode. The group condemned his behavior and the investigator resigned.⁴⁸ Thus the Committee apparently repudiated the unfair tactics of its sleuth, but it was also suggested that Shacklette was an able investigator who would

not have attempted such an unethical practice without at least the tacit consent of Oren Harris.⁴⁹ This viewpoint is unsubstantiated, but there was at least a question about the motives of the subcommittee in this case.

Goldfine resumed his testimony on July 9,⁵⁰ saying that he paid hotel bills of about \$90 for Adams at the Waldorf-Astoria in 1954 while his firm had a case pending before the FTC.⁵¹ Lishman tried to relate the settlement of the FTC case to the Adams-Goldfine meeting, but the manufacturer claimed there was no connection.⁵² Goldfine also denied Lishman's accusation that he had been encouraged to try further violations of the Wool Labeling Act after Adams had successfully intervened in one case.⁵³ He steadfastly maintained, just as Adams had, that his friendship for Adams was a personal rather than a business affair.

In the days that followed, most of the testimony centered around Goldfine's financial dealings. He admitted paying hotel bills for Senator Frederick Payne (R.-Me.),⁵⁴ Senator Norris Cotton (R.-N.H.),⁵⁵ and Senator Styles Bridges (R.N.H.)⁵⁶ over a period of time from 1956 to 1958.⁵⁷ He called Fox's charges that he had bought Adams a house and stocks and that Adams had promised to help him "a contemptible lie."⁵⁸ After conferring with Mildred Paperman, his secretary, he testified that the gifts he gave Adams had been treated as expenses for tax purposes.⁵⁹

Goldfine refused to cooperate with the Congressmen when they questioned him about the disposition of the checks. He failed to account for several checks which had a total value of about \$89,000, and refused to answer questions concerning these, contending that the inquiries were irrelevant to the investigation.⁶⁰ Although nothing could be proved, Goldfine's conduct in relation to the checks left many with the feeling that he was hiding something, perhaps even shielding Adams. Representative Peter F. Mack, Jr.

(D - Ill.),⁶¹ a member of the committee, summed up this feeling by telling Goldfine that he had let his friend Sherman Adams down by not answering the questions asked him.⁶² Goldfine's actions, said Mack, implied that he was not willing to jeopardize his own reputation to protect anyone, including Adams.⁶³ This statement gives insight into the importance attached to the industrialist's affairs, regardless of their relationship to the President's Assistant.

During and after the Goldfine testimony, many publications turned their attention to some of the general facets of the Adams case. Although some editors continued to call the subcommittee irresponsible for hearing Fox's testimony publicly,⁶⁴ others pointed out that closed hearings lend themselves to the spread of rumors.⁶⁵ Pleas arose for more explicit ethical standards to guide officials,⁶⁶ but other writers asserted that the problem of gifts had been blown out of proportion and that gift giving to public officials should be seen as a human problem unrelated to party affiliation.⁶⁷

In the study of issues, Adams himself was not forgotten. Some magazines still assumed he would ultimately leave the government.⁶⁸ One theory offered to explain the Assistant's conduct was that he had originally been elected to the New Hampshire legislature to represent business interests and had carried this practice over to national politics, where it was less acceptable.⁶⁹ Why Adams failed to realize that his standards had to adjust to his new situation when others made the change remained unexplained.⁷⁰ The press studied the case from all angles, giving it little chance to die quietly.

Congressmen again joined in the outcry. Senator Morse once more criticized Adams' behavior.⁷¹ In the House, John Dingell, (D - Mich.),⁷²

placed in the Record statements which had appeared in newspapers by Republican Senators, state chairmen and candidates, indicating a desire to have Adams out of the government.⁷³ These condemnations came from every section of the country except the deep South,⁷⁴ where Republicanism was too weak to be a force. This action on the part of Dingell illustrates the double use of the news media made by outspoken Congressmen. They gave their statements to the press in order to influence the subscribers to the newspapers, then entered the articles in the Congressional Record to focus national attention on the problem and their position. This union of the channels of public information with the partisan politicians assured that the case would be kept before the people and that the Assistant to the President would have no relief from the harassing of his critics.

Chapter VI

The Case: Conclusion and Aftermath

The summer of 1958 continued to be a crucial period for both Adams and Goldfine. For the industrialist, his testimony concerning his friendship with Adams was only the beginning of a series of problems. Because of his failure to answer the questions about the checks, he was cited for contempt of Congress.¹ This action brought with it a one year jail term, which was suspended, and a \$1,000 fine.² In 1960, the businessman served a three month jail term for concealing income tax information, and a year later a federal court found him guilty of \$790,000 in income tax evasion and sentenced him to serve a year and a day in prison.³ The final setback of his career came when, in 1962, with \$10,300,000 in tax claims against him, the former millionaire lost his property and industries.⁴ When he died in September, 1967,⁵ Goldfine was a poor man, remembered as the person whose shady business deals led to the political downfall of Sherman Adams.

Adams, whose friendship with Goldfine had turned into a nightmare, remained on the job through the summer of 1958. The Assistant to the President, who had become virtually irreplaceable after designing the administrative structure that ran the government while Eisenhower was ill,⁶ lost prestige. No longer did Adams make business calls to and receive them from Capitol Hill.⁷ Meanwhile, his staff members sought graceful ways to ease his inevitable departure, and frantic Republicans who faced the prospect of defeat at the polls because of association with Adams received assurances from unidentifiable sources that the Aide would be out before the November election.⁸

The Republican state chairmen had shown themselves to be cool to Adams in late June when, in one poll, thirteen called for his ouster, twelve said his resignation was not needed, and seventeen offered no opinion.⁹ The balance at that time rested in the hands of those who had not made up their minds on the issue. These seventeen men obviously would offer Adams no strong support. Vice President Nixon had rallied to the cause of the executive, asking Republican leaders not to act like "cannibals" in their treatment of a man who was experiencing difficulty.¹⁰

The Adams case quickened a trend of non-identification with the administration in the Republican party.¹¹ The candidates for office in 1958 showed a tendency to run on their own merits or to debate local issues rather than to point to the man in Washington as "their man."¹² The conservative element, against which Adams had battled since his term in Congress, gained strength in the state organizations.¹³ In essence, the indiscretion of the Assistant to the President had sharpened the differences between the factions within his party.

The tension increased as the summer progressed. On August 20, Nixon informed Eisenhower that Adams' presence in the White House handicapped Republican office seekers, and that most of them were prepared to take a public stand against him.¹⁴ About the same time, the President received a report from New England to the effect that Goldfine's business activities were questionable and that Adams had shown poor judgment in his association with the man.¹⁵ Meade Alcorn, Republican National Chairman, reinforced the Vice President's assertion and added that some Republican contributors had refused to donate funds to the campaign while Adams retained his position.¹⁶ In addition, the Republican Congressional

Campaign Committee Chairmen were threatening an open statement against the President's Aide.¹⁷

The President, who had not asked for Adams' resignation because he believed in his assistant's integrity,¹⁸ asked Alcorn to poll the delegates at the meeting of the Republican National Committee in Chicago on August 26 and 27 to find out their feelings on Adams' retention.¹⁹ The national party head reported to the President that these people were unanimous in a belief that the Governor should leave office.²⁰

Eisenhower, distressed and angered by the Republicans' "hopelessness" because of the investigation's revelations, realized on September 4, after a conference with Alcorn, that Adams would ultimately have to go.²¹ Nevertheless, definite action was delayed until after the Maine election of September 8 at the request of Senator Frederick Payne, who sought reelection.²² Payne had received gifts from Goldfine, and he felt that his chance of victory at the polls would be greatly reduced if Adams was fired because of his association with the industrialist.²³ The election results represented final disaster for Adams. Not only was Payne defeated, but the Democrats won the Governorship and two seats in Congress.²⁴ Immediately, Republican Senators Ed Thye of Minnesota and Arthur Watkins of Utah, who were fighting for their offices against difficult opposition, contacted Meade Alcorn and insisted upon Adams' dismissal.²⁵

On September 16, at Eisenhower's request,²⁶ Nixon and Alcorn visited Adams, who had been called back from a vacation, and told him that the party would suffer if he did not resign.²⁷ Although some writers contend otherwise,²⁸ they did not ask him to leave the government,²⁹ but presented the facts to him.³⁰ At this time, the President was confident that his assistant would decide to resign, and he felt this was best.³¹ Adams had lost the support of his chief, and this made it virtually impossible for him to retain his position.

Confronted with this situation, Adams sent Gerald Morgan to Newport where the President was staying to find out Eisenhower's point of view firsthand.³² When the White House Counsel confirmed Alcorn's version, Adams drafted his resignation and gave it to the President.³³ At the insistence of his wife that he give his account of the events which caused his resignation,³⁴ Adams appeared on television on September 22 to make a public statement.³⁵ The departing executive told the nation that he had been vindicated by every responsible witness at the hearing, and that he had been harmed by the wild, unsubstantiated testimony to which the subcommittee had listened.³⁶ Declaring himself the victim of a campaign to embarrass the President, he stated that he was resigning to avoid hindering Eisenhower's program and hurting his party in the Congressional election.³⁷ With this, one who had served the President for six years departed from the Washington scene.

The President accepted Adams' resignation with sadness, praising him for his service to the government and reaffirming his faith in him.³⁸ Nixon and Alcorn expressed their sorrow and regret at the loss to the government of Adams' services.³⁹ The men who had forced his resignation for political reasons felt that personally and administratively, the Governor had been a worthy asset to the White House staff. The newspapers and magazines reiterated their previous positions that Adams had acted with extremely poor judgment in his association with Bernard Goldfine,⁴⁰ and that ~~the~~ President had shown weakness in his failure to take action on moral grounds.⁴¹

Adams' resignation was the culmination of a series of events. He himself had supplied the excuse for the attack in his ill-advised friendship with Bernard Goldfine, and the politicians had seized the opportunity to destroy a powerful opponent.

Chapter VII

Conclusions

The 1958 case had consequences both immediate and long-range in scope. Adams' compartmentalization of the various facets of his life put an end to his career of public service and prominence. Although morally innocent, the Assistant to the President had regarded his personal affairs and his political office as separate, not realizing that to others a connection would be apparent. His blind spot was his failure to realize that in the American political scheme, all phases of the high official's life are public property and appearances are as important as reality. Innacurate estimates of the character of individuals and inability to sense the people's reaction to circumstances were, in the case of Sherman Adams, as damaging as grossly unethical behavior would have been.

The disagreement as to whether Adams resigned or was fired as a result of the Goldfine case is one of words rather than of events. He decided to leave his position only after the President had indicated that that would be the best course of action. Since Eisenhower virtually forced the resignation, Adams was spared only the public embarrassment of dismissal.

During and after the Adams case, public attention turned to the principle of political ethics. In July, the Senate, disturbed by the difficulties of the Assistant to the President, quickly passed a bill which the House had approved the previous August.¹ This prohibited officials from accepting any gift that could be construed as conflict of interest, from making private commitments concerning their public duties, and from using confidential information for their own ends.² This bill, although

general rather than specific in its form, dealt with the issues which had confronted Eisenhower's Aide and showed the desire of Congress to deal with an area of public affairs which had been both ambiguous and treacherous.

The events from June through September of 1958 illustrate the complex function of one of the most powerful forces on the modern political scene, the press. In their dual role of reporter of events and maker of public opinion, the news media influence millions daily. Through constant coverage of the developments in the hearings, they underscored the importance of the Adams case. Attempts at glossing over the affair could not avail because the people knew what had happened.

Perhaps more crucial than the diffusion of the facts was the editorial policy of the newspapers and magazines. By their comments, the publications actually made public opinion. Through their insistence on Adams' resignation, their polls showing that politicians favored his ouster, and their statements that his departure was a foregone conclusion, these organs created a sense of indignation in the people and a desire to see Adams out of Washington. This sentiment expressed itself in the Maine election and dwindling financial support of the Republican party. Finally, the President's Assistant's decision to appear on television to explain his reasons for resigning indicates his realization that the country as a whole had reacted to his actions, and that he would have to use the communications media to give them his version of the incident.

Thus, the fall of Sherman Adams resulted from a coalition of powerful forces. The official made a mistake which the Democrats stressed in committee and to which the Republican politicians reacted vigorously. The press, in combining relation of the facts and the politicians' views and adding the opinions of the editors, brought the case to a showdown.

Footnotes

Chapter I

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6. "Adams," Current Biog., 3.
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11. Ibid., 4; "Running White House," U.S. News (Dec. 13, 1957), ^{XLIII}49.
12. "Adams," Current Biog., 4.
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23. Clayton Knowles, "Lodge to Enter Eisenhower in New Hampshire Primary; Sure General is Republican," N.Y. Times (Jan. 7, 1952), 1.
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25. "Adams," Current Biog., 5.
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28. Ibid., 15.
29. Ibid.
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31. Ibid., 15-16.
32. Eisenhower, Mandate, 50.
33. Ibid., 50-51.
- ✓ 34. Adams, Firsthand Report, 17.
- ✓ 35. Ibid., 20.
- ✓ 36. Ibid., 18.
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